

## Minutes

Seattle City Employees' Retirement System  
Regular Board Meeting

Wednesday, May 4, 2011 - 9:00 a.m.  
Pacific Building, 9<sup>th</sup> Floor

**Present:**     ☒ Darwyn Anderson           ☒ Jean Godden           ☒ Glen M. Lee  
                 ☒ Mary Norris           ☒ Rod Rich           ☒ Lou Walter

**Excused Absence:** Robert H. Harvey, Jr.

**Others Present:** Steve Viney, retiree; Laurie Tish, Moss Adams; John Masterjohn, retiree; Ken Yaeger, retiree; Sarah Butler, Personnel; Michael van Dyke, FAS; Tom Kirns, FAS; John McCoy, Legislative; George Emerson, FAS; Steve Neubauer, SCERS; Selam Teklemariam, SCERS; Beverly Yapp, SCERS; Carlton Seu, Esq., CAO; Michael Monaco, Esq., Song Mondress; Michael Akiyama, SCERS; Anthony Smith, SCERS; Cecelia M. Carter, SCERS

Councilmember Godden, Chair - called the meeting to order at 9:00am

**Public Comment:**

*there being none*

**Minutes:**

**Information:** Provided in the Retirement Board packet are the minutes from the April 6, 2011 Retirement Board Regular Meeting. *(Attachment #1 – Board Only)*

**Motion:** Upon motion by Rod Rich, seconded by Glen Lee, the Retirement Board approves the minutes from the April 6, 2011 Retirement Board Regular Meeting.

**Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:**

**Information:** The following items represent normal expenses and nothing extraordinary.

Service	\$9,326,938.78
Beneficiary	\$930,317.71
Disability	\$ 76,538.78
Pension Payroll – PPE April 30, 2011	<u>\$10,333,795.27</u>

Office Payroll – PPE March 1 <sup>st</sup> , 15 <sup>th</sup> , & 29th, 2011	\$ 95,131.76
--	--------------

Vouchers Processed – March 31, 2011	\$ 288,333.76*
-------------------------------------	----------------

\*Expert and Consultant Services – \$190,638.08

\*Investment Management Fees – \$0.00

\*Interdepartmental Charges - \$71,301.31

\*Miscellaneous - \$26,394.37

### Immediate Withdrawals of Contributions for the month of March 2011:

MEMBER	Department Name	Position
Swenson, Daniel L	SPU	Strategic Adv. 11
Bailey, Mikal A	SPU	Maint Worker
Boyd, Jessica Kay	SCL	Meter Reader
Adams, Da' Juanna	SCL	Accounting Tech I
Murillo, Kristin L	SPD	Pkg Enforcement
Taningco, Ernesto Pastor	Seattle Center	Usher
Garner, Richard	Seattle Center	Laborer
Kolatski, Michael R	FFD	Security Mgr
Canfield, Sheila M	Parks	Corp Member
Hansen, Sierra	Legislative	Legal Aide
Steele Rojas, Hector Antonio	Muni Court	Judge Pro Tem
Robertson, Rebecca C	Law	City Attorney
Sandino-Chang, Cindy	Parks	Rec leader
Fuerbringer, Peter A	Parks	Maint Worker
Keodalah, Moun	Seattle Center	Water Pipe Worker
Lynch, Karen A	Parks	Public Relations Spec
<b>Myles, Victoria</b>	<b>Beneficiary for Brown, Brenda</b>	
Roy, Kimberlie L	Muni Court	Court Clerk
Wagner, Peter Leeds	SPU	Office Maint Aide

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

**19 Withdrawals for a total of: \$532,014.24**

**Motion:** Upon motion by Lou Walter, seconded by Mary Norris, the Board ratifies the Retiree Payroll, Office Payroll, other Payments and Withdrawals.

### Ratification of Service Retirements:

**Information:** The following list represents the retirements that have been processed since the last Retirement Board meeting.

Retiree	RetireDt	Yrs	Days	DeptName	Position	Age
Abelsen, Winfield C	16-Mar-11	34	136	SDOT	Landscape Supv	58
Allen, Donald P	15-Mar-11	29	349	Parks	Grounds Maint CC	67
Bennett, Sharon J	31-Mar-11	15	129	Vested	Vested	57
<b>Berglund, Robert F</b>	<b>15-Mar-11</b>	<b>38</b>	<b>119</b>	<b>Police</b>	<b>Systs Anlyst</b>	<b>64</b>
Bonamy, Lance R	15-Mar-11	23	260	City Light	Maint Laborer	52
Bottom, B Gregory	16-Mar-11	12	15	Police	Info Technol Prof B	62
Brom, Evelyn	15-Mar-11	5	280	Vested	Vested	58

Retiree	RetireDt	Yrs	Days	DeptName	Position	Age
<b>Busch,Nina</b>	<b>15-Mar-11</b>	<b>32</b>	<b>346</b>	<b>Parks</b>	<b>Laborer</b>	<b>61</b>
<b>Cannon,Linda S</b>	<b>15-Mar-11</b>	<b>35</b>	<b>361</b>	<b>Legislative</b>	<b>Executive 2</b>	<b>65</b>
Chen,James Cheng-Hsiung	16-Mar-11	27	59	DPD	Permit Process Leader	66
Christensen,Keith R	28-Mar-11	26	54	City Light	Meter Elctn	61
<b>Clack,Charles E</b>	<b>15-Mar-11</b>	<b>36</b>	<b>49</b>	<b>City Light</b>	<b>Mat Suplr,Elect-Asg Equip Cust</b>	<b>70</b>
<b>Dela Cruz,Sylvia C</b>	<b>15-Mar-11</b>	<b>35</b>	<b>241</b>	<b>City Light</b>	<b>Actg Tech II-BU</b>	<b>67</b>
Engstrom,Carlene S	02-Apr-11	7	315	Vested	Vested	65
<b>Hall,Shirley C</b>	<b>15-Mar-11</b>	<b>35</b>	<b>238</b>	<b>City Light</b>	<b>Actg Tech II-BU</b>	<b>82</b>
<b>Harig,Kathleen S</b>	<b>15-Mar-11</b>	<b>35</b>	<b>254</b>	<b>Neighborhoods</b>	<b>Cust Svc Rep</b>	<b>64</b>
Haynes,Joan K	16-Mar-11	21	181	K.C. Health	Div Direct Com	65
<b>Horswill,Diane L</b>	<b>15-Mar-11</b>	<b>35</b>	<b>328</b>	<b>Police</b>	<b>Crime Prev Coord</b>	<b>59</b>
Hughes,Kathleen A	03-Mar-11	18	129	K.C. Health	Public Health Nurse	57
Kimball,Theresa J	28-Mar-11	5	106	Human Services	Executive 1	60
<b>Kinlow,Benjamin M</b>	<b>15-Mar-11</b>	<b>36</b>	<b>142</b>	<b>Police</b>	<b>Crime Prevention Coord</b>	<b>61</b>
<b>Krohn,Stanley C</b>	<b>15-Mar-11</b>	<b>36</b>	<b>132</b>	<b>City Light</b>	<b>Civil Engrng Spec, Sr</b>	<b>64</b>
Lebens,Elizabeth A	15-Mar-11	14	316	Vested	Vested	66
<b>McClellan,Robert L</b>	<b>04-Mar-11</b>	<b>37</b>	<b>275</b>	<b>City Light</b>	<b>Meter Elctn Working CC</b>	<b>61</b>
Miller,Julie A	15-Mar-11	17	263	Human Services	Plng & Dev Spec I	63
Milne,Kathleen A	11-Mar-11	36	2	Police	Admin Spec I-BU	64
Naidu,Yenkat	15-Mar-11	9	211	Vested	Vested	62
Okamura,Betty F	15-Mar-11	11	179	Human Services	Admin Spec I-BU	76
Robinson,Anthony	15-Mar-11	22	24	Parks	Maint Laborer	58
Saunto,Linda L	15-Mar-11	33	225	Library	Librarian	65
Sheppard,Mark S	16-Mar-11	27	242	Police	Executive 2	62
<b>Stachurski,John M</b>	<b>15-Mar-11</b>	<b>41</b>	<b>166</b>	<b>City Light</b>	<b>Elecl Pwr Sys Engr</b>	<b>69</b>
Walthew,James F	16-Mar-11	23	279	City Light	Accountant Sr	69
<b>Zemanke,Cara L</b>	<b>15-Mar-11</b>	<b>21</b>	<b>200</b>	<b>Vested</b>	<b>Vested</b>	<b>55</b>

Retirement payroll processing for the month of April: 22 new Members entered the System, 34 Members retired in the System, 14 retired Members in the System died (monthly reduction to pension payroll was \$17,929.24), 4 retirement continuations due to death of retiree, 0 retirement adjustments due to social security payments beginning (Option F reductions); 0 benefit pop-ups due to deceased beneficiary; 0 option B expiration; 1 C-option expirations; 0 retirements commenced due to death of an active employee; and 27 others terminated City employment.

**Motion:** Upon motion by Glen Lee, seconded by Rod Rich, the Retirement Board approves the service retirements listed above, pending final review.

## **Ratification of Investment Transactions and Statement of Securities and Cash:**

**Information:** Provided in the Retirement Board packet is the Investment Summary report that represents the transaction summary and the market value of the investments as of March 31, 2011. *(Attachment #2 – Board Only)*

Ms. Carter and Mr. Smith outlined to the Board the Investment activity for the month of March 2011. For the month of March, the portfolio was down 22 basis points; however, year to date for the quarter ending March 31<sup>st</sup>, the portfolio was up 288 basis points. This puts SCERS funding ratio at 64.97%. The month drag came primarily from economic conditions dampening non-US equity and US fixed income.

**Motion:** Upon motion by Lou Walter, seconded by Rod Rich, the Retirement Board accepts the Investment Summary report.

## **Investment Committee Report:**

**Information:** The Investment Committee is scheduled to next meet at noon on Thursday, May 19<sup>th</sup> or Friday, May 27<sup>th</sup>, 2011 in the Retirement Office.

### **Investment Activity Requiring Board Ratification and/or Recognition –**

Ms. Carter gave an overview of the April 28, 2011 Investment Committee meeting. Representatives of Pension Consulting Alliance were present at the meeting. Mr. Neil Rue and Mr. Jeremy Thiessen gave a presentation on three asset class benchmarks for consideration by the Board. Mr. Tad Ferguson also of Pension Consulting Alliance gave an overview of PCA's private equity group's experience and services. Ms. Christy Fields gave an overview of PCA's real estate group's experience and services.

Ms. Carter further reminded the Board of the update given at the Investment Committee meeting on the following SCERS portfolio investments: Nogales Fund II and Carlyle Realty IV.

### **Discussion of Benchmark Monitoring**

Presentation from Pension Consulting Alliance of its findings and recommendations

**Motion:** Upon motion of Lou Walter, seconded by Rod Rich, the Board approves the recommendation of the Investment Committee to approve the recommendation of Pension Consulting Alliance to use the "CPI+3.00%" as a benchmark for the Real Return asset class.

**Motion:** Upon motion of Lou Walter, seconded by Rod Rich, the Board approves the recommendation of the Investment Committee to approve the recommendation of Pension Consulting Alliance to use the "Russell 3000 Index + 3.00%" as a benchmark for the Private Equity asset class.

**Motion:** Upon motion of Lou Walter, seconded by Rod Rich, the Board approves the recommendation of the Investment Committee recommends to to approve the

recommendation of Pension Consulting Alliance to use the “BXM Covered Calls Index” as a benchmark for the Covered Calls asset class.

**Motion:** Upon motion of Lou Walter, seconded by Rod Rich, the Board approves that the above selected benchmarks are effective as of the beginning of the January 1, 2011 and incorporated into the 1Q 2011 performance report.

## **Executive Director Report:**

### Dashboard Review

- Review March 31, 2011 Dashboard data

### 2011 Trustee Election

- Ms. Carter gave the Board an update on the election process
- The nomination period was April 6<sup>th</sup> at 9am and closed Friday, April 15<sup>th</sup> at 5pm
  - Announcement of nominated candidates and verification of retired member status (year of retirement)

▪ A. W. (Bill) Kruller (2004)	▪ Steven (Steve) Viney (2009)
▪ John Masterjohn (2010)	▪ Louis (Lou) Walter (2010)
▪ Elizabeth (Liz) Rankin (2006)	

**Motion:** Upon motion of Rod Rich, seconded by Jean Godden, the Board accepts the roll call and certification of eligibility of the nominated candidates running for the 2011 Board of Administration seat open for election.

Ms. Carter further outlined the following for the Board –

- Ballots are scheduled to go into the U.S. mail on Friday, May 6, 2011
- On-line election set to run Monday, May 9<sup>th</sup> at 6am – Monday, May 23<sup>rd</sup> at 10pm.
- Paper ballots must be received at the election service by Monday, May 23<sup>rd</sup>.
  - Ballots will not be accepted at the SCERS office
  - Only valid ballots will be accepted
  - Only ballots received in the official postage paid (first class) envelope will be accepted.
  - All ballots received at the service after May 23<sup>rd</sup> will be returned to SCERS unopened

### Board Retreat 2011

- Update on Board Retreat – details forthcoming at the next Board meeting.

### Report from CII Spring Meeting 2011

- Ms. Carter referred the Board to the written report found in their board package which highlighted the speakers and their respective subjects at the meeting.

## Old Business:

### (1) Status of Benefit Enhancements

**Information:** The estimated current funding level of the Retirement Fund is 64.97% as of March 31, 2011

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

### (2) *ON HOLD* -- Items to Discuss – Tabled pending Asset / Liability Study

- Investment Policy Guidelines
  - Real Estate
  - Hedge Funds
  - Alternative Assets

### (3) 2010 Audit of Financial Statements

- Presentation of 2010 Financial Statements – *from Moss Adams & Mike Akiyama, SCERS*

**Motion:** Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board accepted the 2010 Report of Seattle City Employees' Retirement System's Audited Financial Statements as presented by Moss Adams and SCERS Staff.

## New Business:

- (A) Presentation from COS Legislative Central Staff on SCERS upcoming Experience Study – Preparation

Mr. John McCoy, Seattle Central Staff gave the Board an overview of the status of the Council sponsored Interdepartmental Team study on Retirement.

**The Board reserves the right to enter into executive session if necessary**

## Executive Session:

- **The Board may enter into executive session to receive update from legal counsel on potential litigation**

The Board entered into Executive Session at 10:45am to receive an update from legal counsel regarding investment legal proceedings.

The Board came out of Executive Session at 10:49am.

There were no actions taken.

**Adjournment:**

**Motion:** Upon motion by Lou Walter, seconded by Rod Rich, the Retirement Board voted to adjourn the meeting at 10:50 a.m.

---

Darwyn B. Anderson, Secretary